Declassified/Released US Department of State EO Systematic Review 30 JUN 2005

Message Text

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PAGE 01 LONDON 15401 251546Z

44
ACTION EUR-12

INFO OCT-01 ISO-00 SP-02 AID-05 EB-07 NSC-05 RSC-01

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INFO AMEMBASSY BONN
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AMEMBASSY THE HAGUE
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AMEMBASSY PARIS
AMEMBASSY ROME
USMISSION EC BRUSSELS
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AMCONSUL BELFAST
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C O N F I D E N T I A L LONDON 15401

E.O. 11652: XGDS-1
TAGS: UK, FR, EEC, PFOR
SUBJECT: CALLAGHAN IN PARIS: EC RENEGOTIATION

REF: (A) PARIS 27888; (B) LONDON 15242

SUMMARY - IN HIS TALKS WITH FRENCH NOVEMBER 19,
CALLAGHAN SKILLFULLY AND PATIENTLY ARGUED BRITISH CASE
FOR A REDUCTION IN UK CONTRIBUTION TO EC BUDGET. PER-
HAPS MORE IMPORTANTLY, HE APPEALED TO FRENCH SELF-
ESTEEM AND STATESMANSHIP, SAYING THAT FRENCH COOPERATION
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PAGE 02 LONDON 15401 251546Z

WAS ESSENTIAL IF RENEGOTIATION IS TO SUCCEED IN KEEPING
UK IN EC. END SUMMARY

Declassified/Released US Department of State EO Systematic Review 30 JUN 2005

Declassified/Released US Department of State EO Systematic Review 30 JUN 2005

1. KEN JAMES, HEAD OF WESTERN EUROPEAN DEPT., FCO, WHO WAS PRESENT WITH CALLAGHAN IN PARIS NOVEMBER 19, GAVE US PROMISED RUNDOWN OF MEETINGS WITH FRENCH. HIS ACCOUNT GENERALLY CONFIRMED SUBSTANCE OF ACCOUNTS ALREADY GIVEN BY UK EMBASSY PARIS (REF A) AND BRITISH PRESS (REF B). SEPARATE BRIEFING ON ENERGY ASPECTS OF TALKS REPORTED SEPTEL.

2. IN DESCRIBING DISCUSSION OF EC BUDGET, JAMES OBSERVED THAT FRENCH WERE ESSENTIALLY THERE TO LISTEN. THEY HEARD BRITISH OUT, ASKED QUESTIONS WITHOUT HOSTILITY, AND AGREED WITHOUT COMMITMENT TO STUDY HMG PROPOSALS FURTHER. THEY EXPRESSED CONCERN THAT THE BRITISH PLEA FOR "EQUITY" IN THE DISTRIBUTION OF BUDGETARY BURDENS MIGHT BE GETTING UNCOMFORTABLY CLOSE TO "JUSTE RETOUR", AND PROTESTED THAT IN ANY EVENT THE BRITISH CASE FOR REDUCED BUDGETARY PAYMENTS DID NOT TAKE INTO ACCOUNT THE "DYNAMIC EFFECT" OF EC MEMBERSHIP ON THE ECONOMIES OF MEMBER STATES. CALLAGHAN REJOINED THAT "DYNAMIC EFFECT" WAS AN ARGUMENT MORE APPROPRIATE TO THE 1960'S THAN TO THE 1970'S. HE POINTED OUT, TOO, THAT THE PROPOSED BRITISH FORMULA WAS A SELF-CORRECTING ONE, AND THAT IF THE BRITISH ECONOMY DID SOME DAY ENJOY A REVIVAL BASED ON NORTH SEA OIL OR WHATEVER, THEN THE BRITISH CONTRIBUTIONS TO THE EC BUDGET WOULD AUTOMATICALLY BE ADJUSTED UPWARDS.

3. IN THE LAST TEN MINUTES OF HIS SESSION WITH SAUVAGNARGUES, CALLAGHAN TREATED HIS FRENCH COUNTERPART TO WHAT JAMES DESCRIBED AS A "BRILLIANT EXPOSITION" OF THE DOMESTIC POLITICAL IMPERATIVES UNDER WHICH HMG MUST CARRY OUT RENEGOTIATION. SPEAKING PERSONALLY, JAMES SAID THAT IF THE FRENCH (OR ANY OTHER EUROPEANS) WISHED TO KEEP BRITAIN IN THE EC, THEY WOULD HAVE TO MAKE A CONSCIOUS EFFORT TO UNDERSTAND BRITISH DOMESTIC POLITICS AND TO CONDUCT THE RENEGOTIATION EXERCISE ACCORDINGLY. FROM A PURELY NATIONAL VIEWPOINT, HE READILY CONCEDED THERE WAS NO REASON THEY SHOULD PUT THEMSELVES TO THE
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TROUBLE, BUT UNLESS THEY DID HE WAS FEARFUL THAT BRITAIN MIGHT EVENTUALLY BE PULLED OUT.

4. COMMENT: ALTHOUGH JAMES DID NOT PUT IT IN THESE TERMS, HE CLEARLY ENVISAGES THE COMING STRUGGLE OVER CONTINUED BRITISH MEMBERSHIP IN THE EC AS ONE IN WHICH THE PRO-EUROPEANS IN BRITAIN WILL REQUIRE THE AID OF PRO-EUROPEANS ON THE CONTINENT IF THEY ARE TO PREVAIL. CALLAGHAN IN EFFECT WAS CALLING ON THE FRENCH FOR AN ACT OF STATESMANSHIP IN MEETING BRITISH DEMANDS. SHOULD

Declassified/Released US Department of State EO Systematic Review 30 JUN 2005

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SUCH STATESMANSHIP BE FORTHCOMING, THE BIGGEST QUESTION IN OUR OWN MINDS IS WHETHER CALLAGHAN, AND MORE IMPORTANTLY WILSON, WOULD MATCH IT BY GIVING THE PRO-EC CASE THEIR FIRM AND VIGOROUS SUPPORT AT HOME.

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EO Systematic Review
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